

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

v.

GULFPORT ENERGY CORPORATION,

Defendant.

Case No. 2:20-cv-00340-ALM-CMV

STATUS REPORT BY THE UNITED STATES

On March 16, 2020, the United States filed a motion for entry of the proposed Consent Decree that was lodged in this case on January 22, 2020, together with a supporting brief. If approved and entered by this Court, the Consent Decree would conclude this case on the terms and conditions set forth in that settlement agreement. The sole defendant in this lawsuit – Gulfport Energy Corporation (“Gulfport”) – has co-signed the proposed Consent Decree and supports its approval and entry as a final judgment in this case. The United States’ motion to enter the Consent Decree is now ripe for decision.

The proposed Consent Decree addresses violations of Clean Air Act requirements at multiple crude oil and natural gas production well pads that Gulfport owns and operates in the Utica Shale region of eastern Ohio. Among other things, the Consent Decree would require Gulfport to improve its control of air pollutant emissions from large storage tanks at many of its facilities.

Reductions in oil and gas demand and prices have been widely reported during the economic disruption caused by the COVID-19 pandemic, but several recent announcements by Gulfport have conveyed a relatively positive business forecast for the company. According

to Gulfport:

As a result of the current commodity price environment, Gulfport recently made the strategic decision to defer near-term production to later periods in 2020 and early 2021, when natural gas prices are expected to be materially higher when compared to mid-year strip pricing. In addition, Gulfport plans to complete an additional 3 gross wells in the Utica Shale during in the second half of 2020, providing incremental production late this year and into early 2021 in the anticipation of higher prices during the winter months.¹

Gulfport also reports that it has been: (1) improving its balance sheet by reducing its long-term debt by at least \$263 million, primarily through discounted bond repurchases; and (2) lowering its costs of production by reducing its annual general and administrative expenses by \$2 to \$4 million and by working with vendors and service providers on efficiencies and cost reductions.²

The U.S. Environmental Protection Agency believes that it will be especially important for Gulfport to begin implementing the work practices and other requirements prescribed by the proposed Consent Decree as the company begins to implement its announced plan to ramp up its production in the Utica Shale region in the second half of 2020.

The United States respectfully requests that the Court approve and enter the proposed Consent Decree for these reasons and for the reasons set forth in greater detail in the United States' motion and brief seeking entry of the Consent Decree.

¹ Gulfport Energy Corporation Press Release, *Gulfport Energy Corporation Announces Update to its 2020 Operational Guidance and Provides Updates on Cost Saving Initiatives* (June 2, 2020), available at: <https://ir.gulfportenergy.com/press-releases/detail/1364/gulfport-energy-corporation-announces-update-to-its-2020>

² *Id.*; Gulfport Energy Corporation Investor Presentation (June 16, 2020), available at: <https://ir.gulfportenergy.com/presentations>.

Respectfully submitted,

FOR THE UNITED STATES OF AMERICA:

KAREN S. DWORKIN, Deputy Chief
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice

Dated: June 29, 2020

s/ Randall M. Stone
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CERTIFICATE OF SERVICE

In accordance with Paragraphs 77 and 90 of the proposed Consent Decree lodged in this case, I certify that on this date I caused copies of the foregoing Status Report to be served on the following individuals by electronic mail:

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Dated: June 29, 2020

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